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Federal Communication Commission  
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### WILLING ABILITY CONCERN

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**EXHIBIT B**

**PURCHASE AGREEMENT**

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ASSET PURCHASE AGREEMENT

by and among

ALLEGIANCE TELECOM, INC.

And

ALLEGIANCE TELECOM COMPANY WORLDWIDE

jointly and severally as Sellers

And

XO COMMUNICATIONS, INC.

as Buyer

February 18, 2004

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## EXHIBITS

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## ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT is dated as of February 18, 2004 by and among Allegiance Telecom Inc., a Delaware corporation ("ATI"), Allegiance Telecom Company Worldwide, a Delaware corporation ("ATCW") and, together with ATI, "Sellers" and each individually, a "Seller", and XO Communications, Inc., a Delaware corporation ("Buyer").

### WITNESSETH

WHEREAS, Sellers (together with the Operating Subsidiaries, "Allegiance") are engaged in the business of providing certain telecommunication products and services, including local and long-distance voice services, broadband and other Internet and data services and wholesale services, to business, government and other institutional users in major metropolitan areas across the United States (excluding any Excluded Asset (as defined herein), the "Business"),

WHEREAS, on May 14, 2003, each of ATI and ATCW and their direct and indirect Subsidiaries commenced a case (collectively, the "Cases") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), which cases are jointly administered under Case No. 03-13057,

WHEREAS, the sale of assets and certain liabilities of the Business are subject to the supervision and control of Sellers subject to the approval of the Bankruptcy Court,

WHEREAS, Sellers wish to sell to Buyer and Buyer wishes to purchase from Sellers substantially all of the assets and to assume from Sellers certain liabilities of the Business, pursuant to, inter alia, sections 105, 363, 365, 1122, 1129 and 1146(c) of the Bankruptcy Code and the applicable Federal Rules of Bankruptcy Procedure, provided, however, that in the event Sellers shall have delivered an Early Closing Election, Sellers shall not seek to sell the assets pursuant to sections 1122 and 1129 of the Bankruptcy Code,

WHEREAS, in connection with issuance of the XO Common Stock (as defined herein), Buyer's shareholder approval (as described in this Agreement) may be required, and as a condition precedent to Sellers' execution and delivery of this Agreement, Cardiff Holding LLC, the holder of a majority of the capital stock of Buyer, has entered into a Voting and Lockup Agreement (the "Voting Agreement") (attached hereto as Exhibit B) and the Voting Agreement remains in full force and effect;

WHEREAS, the Board of Directors of each Seller has determined that it is advisable and in the best interests of Sellers' estates and the beneficiaries of such estates to consummate the transactions contemplated by this Agreement, upon the terms and conditions provided for herein; and

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to the terms and conditions hereof, the parties, intending to be legally bound, hereby agree as follows

## ARTICLE I DEFINITIONS

1.1 Defined Terms As used herein, the terms below shall have the following respective meanings

"Adjustment Escrow Amount" means the greater of (i) Seven Million Dollars (\$7,000,000) and (ii) the sum of Five Million Dollars (\$5,000,000) plus, to the extent positive, the Initial Working Capital Adjustment

"Affiliate" means any Person directly or indirectly controlling, controlled by or under common control with another Person where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, provided, however, that under no circumstances shall creditors of Allegiance be considered Affiliates of Allegiance solely by virtue of their ownership of creditor claims against Allegiance

"Affiliated Group" means any affiliated group of corporations within the meaning of Section 1504 of the Internal Revenue Code that joins in the filing of (or is otherwise required to file) a federal consolidated Tax Return, as well as any other group of corporations filing (or otherwise required to file) consolidating, combined or unitary Tax Returns under state, local or foreign Law, of which a Seller is or was a member

"Agreement" means this Asset Purchase Agreement (together with all schedules and exhibits referenced herein), as the same may be amended from time to time

"Bankruptcy Plan" means Allegiance's chapter 11 plan of reorganization that includes the sale of the Acquired Assets to Buyer as contemplated hereby, in a form reasonably acceptable to Buyer, unless an Early Closing Election shall have been delivered.

"Base Working Capital" means the Net Working Capital as of September 30, 2003 equal to \$16,099,016.

"Bidding Procedures Order" means that certain order dated January 15, 2004 (A) establishing bidding procedures and bid protections in connection with the sale of substantially all of the assets of Sellers, (B) approving the form and manner of notices in connection with such sale and (C) setting a sale hearing date.

"Business Day" means any day other than a Saturday, Sunday or a legal holiday on which banking institutions in the State of New York are not required to open.

"COBRA" means section 4980B of the Internal Revenue Code and Part 6 of Subtitle B of Title I of ERISA

"Communications Licenses" means the FCC Licenses and the State PUC Licenses

"Confidentiality Agreement" means the agreement entered into by and between ATI and XO Communications, Inc. dated December 9, 2003

"Confirmation Order" means a final, nonappealable order to be entered by the Bankruptcy Court in the Cases confirming the Bankruptcy Plan pursuant to section 1129 of the Bankruptcy Code

"Contract" means any contract, agreement, indenture, note, bond, loan, instrument, lease, commitment or other arrangement or agreement, including all amendments thereof and supplements thereto

"Cure Amounts" means all amounts payable in order to effectuate, pursuant to section 365 of the Bankruptcy Code, the assumption by Sellers and the assignment to the Buyer of any Assumed Contract.

"Disclosure Schedules" means the various disclosure schedules referred to herein

"Employee" means each active employee, full-time or part-time, temporary or regular, of Allegiance. An "active employee" shall include any current employee on Allegiance's payroll records, regardless of whether such employee is absent from work, including due to short term or long term disability, military leave, leave of absence, illness, vacation or workers' compensation injury.

"Environmental Laws" means all Laws relating to the protection of the environment, or to any emission, discharge, generation, processing, storage, holding, abatement, existence, Release, threatened Release or transportation of any Hazardous Substances, including all Laws pertaining to reporting, licensing, permitting, investigation or remediation of emissions, discharges, Releases or threatened Releases of Hazardous Substances into the air, surface water, groundwater or land, or relating to the manufacture, processing, distribution, use, sale, treatment, receipt, storage, disposal, transport or handling of Hazardous Substances.

"Environmental Permits" means any Licenses required pursuant to Environmental Laws for operation, installation or modification of equipment, processes, facilities or for occupancy of any of the real property owned or leased by Sellers or the Operating Subsidiaries.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended and the regulations promulgated thereunder

"Executory Contract" means any Contract that can be assumed or rejected in accordance with the Bankruptcy Code

"Expense Reimbursement" means an amount payable to Buyer in accordance with Section 8.2 or Section 8.3 to reimburse Buyer for reasonable and documented out-of-pocket costs and expenses (including reasonable legal, accounting and financial advisors' fees and expenses) incurred by Buyer or its Affiliates in connection with the investigation, negotiation, execution, delivery and performance of this Agreement, the consummation of the transactions contemplated hereby and the participation in and monitoring of the Cases, such expenses to be set forth in a reasonably detailed written itemization of such expenses (the "Expense Reimbursement Statement")

"Expense Reimbursement Statement" shall have the meaning ascribed to such term in the definition of "Expense Reimbursement"

"FCC" means the Federal Communications Commission

"FCC Consent" means the grant by the FCC of its consent to the transfer of the FCC Licenses in connection with the consummation of the transactions contemplated hereby

"FCC Licenses" means all Licenses issued by the FCC held by Sellers or the Operating Subsidiaries, as set forth on Schedule 2.1(d) of the Disclosure Schedules

"GAAP" means generally accepted accounting principles in the United States as in effect from time to time

"Governmental Entity" means any federal, state, local or foreign government or any subdivision, agency, instrumentality, authority, department, commission, board or bureau thereof or any federal, state, local or foreign court, tribunal or arbitrator (including the Bankruptcy Court)

"Hazardous Substances" means any substance or material that (i) is or contains asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum or petroleum-derived substances or wastes, radon gas or related materials, or (ii) requires investigation, removal or remediation under any Environmental Law, or is defined, listed or identified as a "hazardous waste," "hazardous substance," "toxic substance" or words of similar import thereunder

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and any successor law and the rules and regulations promulgated thereunder or under any successor law

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder

"Law" means any federal, state, local, municipal or foreign statute, law, ordinance, regulation, rule, code, order, principle of common law or judgment enacted, promulgated, issued, enforced or entered by any Governmental Entity, or other requirement or rule of law

"Liabilities" means as to any Person, all debts, adverse claims, liabilities, commitments, responsibilities, damages and obligations of any kind or nature whatsoever, direct, indirect, absolute or contingent, of such Person, whether accrued, vested or otherwise, whether known or unknown and whether or not actually reflected, or required to be reflected, in such Person's balance sheets or other books and records

"License" means all licenses, franchises, permits, consents, waivers, registrations, certificates, and other governmental or regulatory permits, authorizations or approvals required to be issued or granted by a Governmental Entity for the operation of the Business and for the ownership, lease or operation of Sellers' or the Operating Subsidiaries' properties

"Lien" means any lien, lease, right of first refusal, servitude, claim, pledge, option, charge, hypothecation, easement, security interest, right-of-way, encroachment, mortgage, deed of trust or any other encumbrance, restriction or limitation whatsoever

"Litigation" means any claim, action, suit, investigation or proceeding before any court, arbitrator or other Governmental Entity.

"Material Adverse Effect" means any event, effect or change, individually or in the aggregate with such other events, effects or changes, that has had, has or could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), Liabilities, properties, assets (including intangible assets) or results of operations of Allegiance or the Business, in either case taken as a whole, provided that none of the following shall be deemed to constitute and none of the following shall be taken into account in determining whether there has been a Material Adverse Effect: any adverse event, effect or change arising from or relating to (1) general business or economic conditions, (2) national or international political conditions, including the engagement of the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the United States, or any of its territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States, (3) financial, banking or securities market conditions (including any disruption thereof and any decline in the price of any security (including any security or creditor claims of or with respect to Allegiance) or any market index), (4) changes in GAAP or any application of accounting standards after the date hereof, including the American Institute of Certified Public Accountants Statement of Position 90-7 "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code" and Financial Accounting Standards Board in Statement of Financial Accounting Standards No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," (5) the taking of any action specifically contemplated by this Agreement and the other agreements contemplated

hereby or the announcement of the transactions contemplated by this Agreement; or (6) changes in Law or binding directives issued by any Governmental Entity

"Net Working Capital" for any date of determination, means as of the close of business on such date, Working Capital Assets minus Working Capital Liabilities

"Operational Restructuring Activities" means Sellers' actions taken with the intent to preserve cash, improve the efficiency and reduce the costs of the Business consisting of (i) reducing the number of Employees to approximately 3,000 as of September 30, 2003, (ii) rejecting Executory Contracts in the Cases (and from and after the date hereof, solely in accordance with this Agreement), (iii) waiving, decommissioning or abandoning assets and other rights that are not material to the operation of the Business and in instances in which the estimated cost of salvaging or selling such assets exceeds the anticipated proceeds, (iv) marketing and seeking to sell certain Excluded Assets, and (v) taking other actions in the Cases specifically approved by the Bankruptcy Court prior to the date hereof, whether such action occurs prior to, on or subsequent to the date hereof

"Order" means any judgment, order, injunction, writ, ruling, decree, stipulation or award of any Governmental Entity

"Ordinary Course of Business" means the ordinary and usual course of normal day-to-day operations of the Business by Sellers and the Operating Subsidiaries as debtors and debtors-in-possession in the Cases consistent with past practice through the date hereof

"Out of Region Business" means the operations of the Business conducted outside of the states of Arizona, Colorado, Oregon, Washington and Minnesota.

"Permitted Lien" means (i) any Lien for Taxes not yet due or delinquent, (ii) any statutory Lien arising in the Ordinary Course of Business or by operation of Law with respect to a Liability that is not yet due or delinquent; (iii) easements, leases, reservations, licenses or other matters of record affecting any property or assets of Allegiance, provided that such easements, leases, reservations, licenses or other matters do not materially detract from the value of or impair the use of such property or assets; and (iv) Liens on Acquired Assets in favor of Allegiance's secured lenders to be released at Closing.

"Person" means an individual, a partnership, a joint venture, a corporation, a business trust, a limited liability company, a trust, an unincorporated organization, a joint stock company, a labor union, an estate, a Governmental Entity or any other entity

"post-Petition" means any time after the commencement of the Cases

"pre-Petition" means any time prior to the commencement of the Cases.

"Regulatory Transition Process" means the process as set forth in this Agreement, the Operating Agreement, the Transition Plan and other related documents for obtaining all approvals, consents (including assignments of any permits and rights of way), certificates, waivers and other authorizations required to be obtained from, or filings or other notices required to be made with or to any Governmental Entities having jurisdiction over any of the Acquired Assets in order to consummate the transactions contemplated by this Agreement and the other Transaction Documents and the transfer of such Acquired Assets including the Non-Transferred Assets to Buyer upon the receipt of such approvals.

"Release" means any releasing, disposing, discharging, injecting, spilling, leaking, leaching, pumping, dumping, emitting, escaping, emptying, seeping, dispersal, migration, transporting, placing and the like, including the moving of any materials through, into or upon, any land, soil, surface water, groundwater or air, or otherwise entering into the environment.

"Representative" means, with respect to any Person, such Person's officers, directors, employees, agents and representatives (including any investment banker, financial advisor, accountant, legal counsel or expert retained by or acting on behalf of such Person or its Subsidiaries).

"Retail Ending Lines" means the number of lines in service from Allegiance's billing systems based upon line equivalency and consistent with the methodology used to report retail ending lines on Allegiance's monthly flash reports. Line equivalency is defined per product and is maintained by Allegiance's Product Hierarchy database. For example, a fully-utilized data T-1 is counted as 24 lines.

"Sale Delay" means the failure to adhere to the timeline attached hereto as Exhibit J with respect to the Sale Order Approval Date.

"Sale Hearing" means the hearing to be scheduled and conducted by the Bankruptcy Court to consider approval and entry of the Sale Order.

"Sale Motion" means the motion or motions of Sellers seeking approval and entry of the Bidding Procedures Order and the Sale Order.

"Sale Order" means an order in the form of Exhibit C hereto, and otherwise in form and substance reasonably acceptable to ATI and Buyer.

"Sale Order Approval Date" means the date the Bankruptcy Court approves the Sale Order.

"Scheduled Future Disconnects" means scheduled backlog of line disconnects from Allegiance's backlog report as determined by Sellers in accordance with past custom and practice.

"Scheduled Future Installs" means scheduled backlog of line installs from Allegiance's backlog report as determined by Sellers in accordance with past custom and practice

"Sellers' Knowledge" and any similar terms used herein means the actual knowledge of Royce J. Holland, C. Daniel Yost, Thomas M. Lord, G. Clay Myers, Christopher MacFarland, J. Timothy Naramore, Anthony J. Parella or Mark B. Tresnowski, without any duty to investigate

"Shared Technologies" means Shared Technologies Allegiance, Inc., a wholly owned Subsidiary of ATCW

"State PUC" means any state and local public service and public utilities commission having regulatory authority over the Business, as conducted in any given jurisdiction

"State PUC Consent" means the grant by any State PUC of its consent to the assignment of the State PUC Licenses or any Non-Transferred Assets associated with such Licenses, in connection with the consummation of the transactions contemplated hereby

"State PUC Licenses" means all Licenses issued or granted by the State PUC held by Sellers or any Operating Subsidiary in each applicable jurisdiction, as set forth on Schedule 2.1(d) of the Disclosure Schedules

"Subsidiary" means, with respect to any particular Person, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or control any managing director or general partner of such limited liability company, partnership, association or other business entity.

"Tax" or "Taxes" means all taxes, charges, fees, duties, levies or other assessments, including income, gross receipts, net proceeds, ad valorem, turnover, real and personal property (tangible and intangible), sales, use, franchise, excise, value added, license, payroll, unemployment, environmental, customs duties, capital stock, disability, stamp, leasing, lease, user, transfer, fuel, excess profits, occupational and interest equalization, windfall profits, severance and employees' income withholding and Social

Security taxes imposed by the United States or any other country or by any State, municipality, subdivision or instrumentality of the United States or of any other country or by any other tax authority, including interest, penalties or additions to tax attributable to such Taxes or any Tax Return, and shall include any transferee or successor liability in respect of Taxes (whether by contract or otherwise) and any liability in respect of any Taxes as a result of being a member of any Affiliated Group

"Tax Return" means any statement, report, return or other information required to be filed with respect to any Tax (including any attachments thereto and any amendment thereof) including any information return, claim for refund, amended return or declaration of estimated Tax, and including, where permitted or required, consolidating, combined or unitary returns in which any Seller or Operating Subsidiary is or was included or includable

"Transaction Documents" means this Agreement, the Transition Services Agreement, the Purchase Price Escrow Agreement, the Master Services Agreement, the Operating Agreement, the Voting Agreement, the Adjustment Escrow Agreement and all Disclosure Schedules, certificates, contracts and agreements being delivered or entered into pursuant to this Agreement

"Transfer Tax" or "Transfer Taxes" means any federal, state, county, local, foreign and other sales, use, transfer, conveyance, documentary transfer, recording or other similar tax, fee or charge imposed upon the sale, transfer or assignment of property or any interest therein or the recording thereof, and any penalty, addition to tax or interest with respect thereto, but such term shall not include any tax on, based upon or measured by, the net income, gains or profits from such sale, transfer or assignment of the property or any interest therein

"WARN Act" means the Worker Adjustment and Retraining Notification Act of 1988, as amended, and any successor law, and the rules and regulations promulgated thereunder and under any successor law, and any similar state, local or foreign law, regulation or ordinance.

"Working Capital Assets" means the consolidated current assets of Allegiance set forth on Exhibit G, determined in accordance with GAAP applied on a basis consistent with the most recent balance sheet included in the Financial Statements to the extent they are included in the Acquired Assets.

"Working Capital Liabilities" means the consolidated current liabilities of Allegiance set forth on Exhibit G, determined in accordance with GAAP applied on a basis consistent with the most recent balance sheet included in the Financial Statements to the extent they are included in the Assumed Liabilities

1.2 Other Defined Terms The following additional terms shall have the meanings defined for such terms in the Sections set forth below:

Term	Section
Accounting Referee	3 4(d)
Acquired Assets	2 1
Additional Amount:	3 6(d)
Adjustment Escrow Account	3 2(b)(iii)
Adjustment Escrow Agent	3 2(b)(iii)
Adjustment Escrow Agreement	3 2(b)(iii)
Allegiance	Recitals
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Early Funding Date Working Capital	3 4(b)
Earnest Money Deposit	3.3
Employee Benefit Plans	4 23(a)
Employee Schedule	6 8(a)
Equipment	2.1(b)
ERISA Affiliate	4 23(a)

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## ARTICLE II TRANSFER OF ASSETS AND LIABILITIES

2.1 Assets to be Sold Subject to Sections 2.2, 2.5, 2.6, 2.7 and 6.2, the other provisions of this Agreement and the Sale Order, at the Closing, Sellers shall sell, convey, assign, transfer and deliver to Buyer or a designee of Buyer free and clear of all Liens and Liabilities (other than Permitted Liens of the type included in clause (iii) of the definition of Permitted Liens), and Buyer shall purchase, acquire, and accept all of Sellers' right, title and interest in and to all of Sellers' properties, assets and rights of every nature, kind and description, tangible and intangible (including goodwill), whether real, personal or mixed, whether accrued, contingent or otherwise and whether now existing or hereafter acquired, including the following (collectively, the "Acquired Assets")

(a) The leases or subleases and all amendments thereto under which any of Sellers is a lessor or lessee or sublessor or sublessee of real property (collectively, the "Real Property Leases") as set forth on the Assumed Contracts List, including all improvements, fixtures and other appurtenances thereto and rights in respect thereof and any related security deposits,

(b) The furniture, fixtures, equipment, machinery, supplies, vehicles, inventory, and other tangible personal property, including the network equipment assets and facilities owned or used by Sellers (collectively, the "Equipment"),

(c) The leases which relate to Equipment and leases of dark fiber (collectively, the "Personal Property Leases") as set forth on the Assumed Contracts List,

(d) All Communications Licenses and any other Licenses, including those listed on Schedule 2.1(d) of the Disclosure Schedules, to the extent the same are transferable or assignable pursuant to section 365 of the Bankruptcy Code or as

otherwise permitted by Law (or, to the extent not transferable or assignable, all right, title and interest in such Licenses, to the fullest extent such right, title and interest may be transferred or assigned), provided, that to the extent that Buyer does not require any such Communications License or Licenses, it may in its sole discretion decline to acquire such Communications License or Licenses by providing written notice to Sellers prior to the Closing Date in which case such a License shall not be an Acquired Asset hereunder

(e) The Assumed Contracts not described in Section 2.1(a) or 2.1(c) above, including any related security deposits (including the deposits described in Section 3.5(b) hereof), advance payments, customer advances and customer deposits.

(f) Except as set forth in Section 2.2(e) and 2.2(f), all rights, demands, claims, actions, rights of set off, counterclaims and causes of action of any kind (collectively, the "Claims") brought by or for the benefit of any Seller or Operating Subsidiary relating to the operation of the Business.

(g) Accounts, notes and other receivables of Sellers (other than pre-Petition carrier gross accounts receivable, including those of ILECs which were recorded on the books and records of Sellers as of May 14, 2003, in an amount up to \$58.3 million),

(h) Any books, records, files or papers of Sellers, whether in hard copy or computer format, relating to the Acquired Assets or the Non-Transferred Assets (upon such assets becoming Acquired Assets) or to the operation of the Business, including management information systems or software owned by Sellers, engineering information, sales and promotional literature, manuals and data, sales and purchase correspondence, personnel and employment records, customer lists, customer information, vendor lists, catalogs, research material, source codes, carrier identification codes, technical information, trade secrets, technology, know-how, specifications, designs, drawings, processes and quality control data, if any, or any other intangible property and applications for the same but excluding any books, records, files or papers that relate to any Taxes of Sellers that are Excluded Liabilities;

(i) Any of Sellers' right, title or interest in or to any of Sellers' patents, patent registrations, patent applications, trademarks (including "*allegiantelecom, inc.*" and design), trademark registrations, trademark applications, tradenames, copyrights, copyright applications, and copyright registrations relating to the Business and the rights to sue for, and remedies against, past, present and future infringements thereof and the rights of priority and protection of interests therein under applicable laws (collectively, the "Intellectual Property");

(j) Any computer software programs and databases used by any Seller or Operating Subsidiary, whether owned, licensed, leased, or internally developed to the extent the same are transferable or assignable pursuant to section 365 of the Bankruptcy Code or as otherwise permitted by Law (or, to the extent not transferable or

assignable, all right, title and interest in such programs and databases, to the fullest extent such right, title and interest may be transferred or assigned),

(k) All taxation matrixes utilized by Sellers in the determination of the taxability of products sold by Sellers, other than those which are commercially available,

(l) Any telephone numbers, electronic mail addresses, carrier identification codes and local exchange codes used by Sellers in the conduct of the Business,

(m) All of Sellers' currently allocated, assigned, used and unused internet protocol addresses, domain names, and autonomous system numbers from applicable authorities governing the use and structure of the Internet, including the American Registry for Internet Numbers,

(n) All bank accounts and lock-boxes, including those listed on Schedule 2 1(n) of the Disclosure Schedules,

(o) All transferable rights of Sellers under or pursuant to all warranties, representations and guarantees made by suppliers, manufacturers and contractors to the extent relating to products sold, or services provided, to Sellers or to the extent affecting any Acquired Assets,

(p) All rights of Sellers under non-disclosure, confidentiality, non-compete or non-solicitation agreements with employees or agents of Sellers or with third parties,

(q) All insurance claims and insurance proceeds (other than with respect to any director and officer, errors and omissions, fiduciary and commercial crime policies) in respect of an Acquired Asset or an Assumed Liability, and with respect to insurance proceeds, to the extent received by Allegiance after the Early Funding Date,

(r) All security, vendor, utility and other deposits;

and

(s) All equity interests including capital stock held by ATCW in each of its direct and indirect reorganized Subsidiaries, other than the stock of Shared Technologies, and the corporate books and records relating to the organization and existence of each such reorganized direct and indirect Subsidiary (collectively, without including Shared Technologies, the "Operating Subsidiaries").

2.2 Excluded Assets. The Acquired Assets shall not include any of Sellers' or the Operating Subsidiaries' right, title or interest in or to any assets or properties of Sellers or the Operating Subsidiaries that are expressly enumerated below (collectively, the "Excluded Assets")

(a) Subject to Section 2 1(q), cash and cash equivalents, short-term and long-term investments or similar type investments, uncollected checks and funds in transit to the extent there is a corresponding reduction in accounts receivable included in Acquired Assets, Treasury bills and other marketable securities existing as of the Closing Date ("Cash and Cash Equivalents"),

(b) Bank accounts and lock-boxes described as "Excluded Assets" on Schedule 2 1(n) of the Disclosure Schedules,

(c) Any security, vendor, utility or other deposits (but only to the extent such deposits specifically relate to Excluded Assets or Excluded Liabilities),

(d) Any Contracts other than the Assumed Contracts,

(e) All Claims that Sellers or any of their respective Affiliates may have against any third party, including any Governmental Entity, for causes of action based on Chapter 5 of the Bankruptcy Code ("Avoidance Actions") and for refund or credit of any type with respect to Taxes accrued or paid with respect to periods (or any portion thereof) ending on or prior to the Closing Date,

(f) All Claims which Sellers or any of their respective Affiliates may have against any third Person with respect to any Excluded Asset or Excluded Liability,

(g) The capital stock of Shared Technologies, which is a Subsidiary of ATCW, but is not a Seller hereunder, its assets, and assets used primarily in the Shared Technology business and set forth in Schedule 2 2(g) of the Disclosure Schedules,

(h) The Shared Hosting Business, including Contracts, accounts receivable, equipment and Intellectual Property specifically related thereto,

(i) The capital stock of each Seller and each Seller's corporate books and records relating to its organization and existence,

(j) Any director and officer, errors and omissions, fiduciary or commercial crime insurance policies and related insurance claims and insurance proceeds,

(k) All insurance policies;

(l) Any real property which is owned by any of Sellers ("Owned Real Property") including any proceeds received in connection with the sale thereof;

(m) Any loans or notes payable to any Seller or Operating Subsidiary from any employee of any Seller or Operating Subsidiary, other than Ordinary Course of Business employee advances;

